

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 SP-02 ICA-11 AID-05 EB-08
NSC-05 SS-15 STR-07 OMB-01 CEA-01 CIAE-00 COME-00
FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03 LAB-04
SIL-01 L-03 H-01 HA-05 PA-01 /099 W
-----102098 150334Z /65
R 150307Z MAY 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 5718

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USADB
PASS TREASURYDEP FOR BRADFORD

EO 11652:N/A
TAGS:EAID, EFIN, ADB
SUBJECT: ADVANCE INFORMATION ON ADB PROJECTS (FOR HUMAN
RIGHTS CONSIDERATION)

1. FOURTH MEA POWER DISTRIBUTION PROJECT (THAILAND)

A. PROJECT DESCRIPTION: THE PROJECT INCREASES THE NUMBER OF ENERGY TRANSFER POINTS FROM THE EGAT TO THE MEA SYSTEMS, WITH SUB-TRANSMISSION LINES TO LINK SUBSTATIONS. THE NEW AND EXPANDED DISTRIBUTION SUBSTATIONS WILL REINFORCE SUPPLY FACILITIES IN THE EXISTING SERVICE AREA. MOREOVER, THE DISTRIBUTION SYSTEM WILL BE EXPANDED TO REMOTE DISTRIBUTION AREAS WHICH HAVE NOT YET BEEN ELECTRIFIED. THIS WILL ENABLE THE RURAL POPULATION IN THESE AREAS TO HAVE SERVICE COMPARABLE WITH CUSTOMERS IN THE MORE URBANIZED PARTS OF MEA'S SERVICE AREA. WITH THE COMPLETION OF MEA'S FOURTH PROJECT, MEA WILL BE IN A POSITION TO PROVIDE POWER IN BOTH ITS ENTIRE URBAN AND REMOTE SERVICE AREAS. THE PROJECT IS SCHEDULED FOR
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COMPLETION IN 1981 BY WHICH TIME IT IS PROJECTED THAT 88.6 PERCENT OF THE TOTAL SERVICE AREA HOUSEHOLDS COULD BE CUSTOMERS OF MEA. THE SPECIFIC COMPONENTS OF THE PROPOSED PROJECT ARE AS FOLLOWS:

(I) MODIFICATION OF APPROXIMATELY 12 EXISTING SUBSTATIONS TO PROVIDE ADDITIONAL TOTAL SUPPLY OF 700 MVA;

(II) CONSTRUCTION OF FIVE NEW SUBSTATIONS TO PROVIDE
ADDITIONAL SUPPLY OF 200 MVA;

(III) INSTALLATION OF ADDITIONAL TRANSFORMERS,
CAPACITORS, METERS AND RELATED AUXILIARY EQUIPMENT;
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(IV) CONSTRUCTION OF 69 AND 115 KV SUB-TRANSMISSION LINES
TOTALLING 76.8 KM.; AND

(V) PROCUREMENT OF CONSTRUCTION EQUIPMENT AND VEHICLES
FOR SYSTEM CONSTRUCTION AND MAINTENANCE.

B. COST: THE ESTIMATED COST OF THE ABOVE PROJECT IS
US 80.8 MILLION DOLLARS EQUIVALENT WITH A FOREIGN EXCHANGE
COMPONENT OF US 32.1 MILLION DOLLARS, WHICH IS BEING
PROPOSED FOR BANK FINANCING. THE LOCAL COSTS WILL BE
FINANCED FROM A COMBINATION OF GOVERNMENT LOANS AND MEA'S
OWN INCOME.

C. BENEFITS: THE PROJECT IS ESSENTIALLY A CONTINUATION
OF WORK INITIATED UNDER THE BANK'S THIRD LOAN TO MEA AND
REPRESENTS THE FINAL PHASE FOR THE COMPLETION OF MEA'S
FOURTH DISTRIBUTION PROJECT (1977-1981). THE PRIMARY
JUSTIFICATION OF THE PROJECT EMANATES FROM THE NEED TO
SOLVE THE PROBLEMS OF THE RAPIDLY EXPANDING DISTRIBUTION
AREA OF MEA, WHICH INCLUDES ALL OF BANGKOK, THONBURI,
NONTABURI, SAMUT PRAKAN AND PART OF PRATUMTANI. THE
POPULATION OF THIS AREA, WHICH IS THE CENTER OF FINANCE,
INDUSTRY, TRADE AND COMMERCE IN THAILAND, HAS BEEN
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INCREASING AT A RATE ABOVE THE NATIONAL AVERAGE AND
REPRESENTS 60 PERCENT OF THE URBAN POPULATION IN THE
COUNTRY. THE AREA CONSUMES 70 PERCENT OF THE POWER
GENERATED IN THAILAND AND POWER DEMAND IS NOW PROJECTED TO
GROW AT A CONSERVATIVE RATE OF ABOUT 8 PERCENT ANNUALLY
OVER THE NEXT TEN YEARS. THE PROJECT WILL GENERATE
CONSIDERABLE SOCIAL BENEFITS THROUGH EXTENSION OF
ELECTRICAL SERVICE INTO SUBURBAN AND RURAL AREAS. SUCH
EXTENSION WILL PROVIDE A BASE FOR INDUSTRIAL DEVELOPMENT
OUTSIDE OF CENTRAL BANGKOK, THUS PROVIDING EMPLOYMENT
NEAR RESIDENTIAL AREAS AND HELPING TO RELIEVE CONGESTION
IN DOWNTOWN BANGKOK. THE PROJECT WILL REINFORCE SUPPLY
FACILITIES IN THE EXISTING SERVICE AREA AND IMPROVE SYSTEM
RELIABILITY.

2. MADANG WATER SUPPLY PROJECT (PAPUA NEW GUINEA)

A. PROJECT DESCRIPTION: THE PROPOSED PROJECT PROVIDES
PIPED WATER SUPPLY FACILITIES FOR THE FIRST TIME IN THE
TOWN OF MADANG. THE PROJECT INCLUDES THE DEVELOPMENT OF
GROUND WATER SUPPLY SOURCE WORKS CAPABLE OF MEETING
ESTIMATED 1986 WATER DEMAND (8,000 CU.M./DAY),
INSTALLATION OF TRANSMISSION MAINS AND DISTRIBUTION
SYSTEM INCLUDING SERVICE RESERVOIRS AND STANDPIPES.

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B. COST: US 7.6 MILLION DOLLARS: (I) FOREIGN CURRENCY
COST: US 5.1 MILLION DOLLARS, (II) LOCAL CURRENCY COST:
US 2.5 MILLION DOLLARS.

THE BANK IS CONSIDERING LOANING US 5.1 MILLION DOLLARS
FROM SPECIAL FUNDS RESOURCES.

C. BENEFITS: THE NUMBER AND TYPE OF PEOPLE WHO WILL
BENEFIT FROM THE PROJECT ARE AS FOLLOWS:

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ACTION TRSE-00

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FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03 LAB-04
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| TYPE | POPULATION | PCT | POPULATION | PCT |
|-------------------|------------|-----|------------|-----|
| URBAN SETTLEMENT | | | - | |
| (STANDPIPE) | 5,800 | 18 | 6,500 | 15 |
| LOW COST HOUSING | 15,000 | 47 | 20,600 | 48 |
| HIGH COST HOUSING | 3,500 | 11 | 4,300 | 10 |
| POPULATION SERVED | 24,300 | 76 | 31,400 | 73 |
| TOTAL POPULATION | 32,000 | | 43,000 | |

3. SOHGKHLA AND PHUKET PORTS (THAILAND)

A. PROJECT DESCRIPTION: THE PROPOSED PROJECT IS AN
ENGINEERING LOAN COVERING:

(I) ENGINEERING FEASIBILITY STUDIES INCLUDING ENVIRONMENTAL IMPACT STUDY FOR THE OUTER KHAO DAENG SCHEME, THE SELECTED SITE FOR SONGKHLA PORT; AND

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(II) MASTER PLANS AND DETAILED ENGINEERING DESIGNS FOR BOTH PORTS AT SONGKHLA (OUTER DHAO DAENG) AND PHUKET (AO KHAM).

B. COST: US 1.5 MILLION DOLLARS.

C. BENEFITS: THE PORT PROJECTS, AFTER THEIR CONSTRUCTION WILL ASSIST IN MINIMIZING THE COST OF TRANSFERRING CARGO BETWEEN THE SHIPS AND SHORE AND THEREFORE, TOTAL TRANSPORT COSTS. THE POPULATION WITHIN THE HINTERLANDS OF THE PORTS OF SONGKLA AND PHUKET (ABOUT 4.4 MILLION) WILL BE THE MAIN BENEFICIARY ON THE COMPLETION OF THE PROPOSED CONSTRUCTION WORKS AT THESE PORTS. THE BENEFITS RESULTING FROM THE IMPROVEMENT OF THESE PORTS WILL HAVE A MORE SIGNIFICANT EFFECT ON THE LOWER INCOME GROUPS THAN THE

HIGHER ONES BECAUSE ANY SAVINGS IN TRANSPORT COSTS HAVE A RELATIVELY HIGHER IMPACT ON LOWER INCOME GROUPS. EDMOND

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